looking ahead

. . . . A monthly report by the National Planning Association on forward-looking policy planning and research — announced, underway, and completed — of importance to the nation's future

In This Issue –

"This is 1953, Not 1960"

Short-range Aspects of Farm Policy

If you're farming in 1960 or 1975, you'll find a big market for your beef or your milk or your eggs. That's what the experts keep telling us.

Increases in population will make the farm problem one of expanding production.

But farmers will have to live through 1953 and 1954 and a few more years before they get to 1960. What about the short-time outlook?

Here are some things that farmers have to consider both in 1960 and in the years leading up to 1960:

1. In order to provide the kind of consumer demand that will ask for a 10% increase in food production by 1960, consumer incomes must stay at the 1953 level or rise above that level. If consumer incomes drop below the 1953 average, farmers won't have to worry about raising more food. They may easily have too much.

2. Exports are going to shrink. Some farmers who raise wheat and cotton will have to change to other lines by 1960. Probably they should start changing before that.

3. Eating habits of consumers will change. Farmers who raise lard hogs will be at a disadvantage. Farmers who sell butter will not do as well as farmers who sell fluid milk.

Farmers have a double duty: To get along reasonably well in 1953 and 1954 and to get ready for the increased

(continued on page 2)

Going to a Conference?

Since group discussion and committee meetings are the basis of NPA's work, we attach special importance to this process as a tool of democratic planning.

In Looking Ahead, we are anxious to report what is being said currently at conferences which reflect attitudes or present information having a direct bearing on future developments.

Too often, however, proceedings become available long after meetings are forgotten; and many are never printed at all -- no matter how penetrating or useful.

If you make a "looking ahead" talk, or hear one, at a meeting -- small or large -- we hope you will send us a copy. Or, if it isn't written out in detail let us have the highlights. If a transcript is to be issued, please tell us when and by whom.

production needed in later years.

To see how complicated this double job is, take a look at the dairyman. Everybody agrees that by 1960 the nation will need much more milk. That means more dairy cows and more feed going into these cows.

But in 1953, the dairyman is finding he is piling up surpluses of butter and dried milk. People in big cities aren't drinking as much milk as the farmers around those cities can ship in. And in the creamery districts, production is running ahead of consumption too.

What to do? One remedy is to sell some cows and whittle down production. But here the dairy farmer bucks up against two things: The 1960 future and the gestation table.

By 1960, he'll need all the cows he has and more too. But if he whittles down now, it will be hard to build up his herd in a hurry.

When a farmer decides he needs to raise another dairy cow, it is three years from the gleam in the eye of his bull until the new dairy cow starts to milk.

So if a dairyman is too discouraged in 1953, milk production may suffer in 1956. And by that time, the nation may need more cows, not fewer cows.

This is the kind of problem farmers run up against in almost every field.

As Allan Kline of the Farm Bureau has said: "The job is for farmers to expand production at about the same rate as the market expands."

Take beef. We are approaching the peak of the beef cycle. By 1955, we'll probably hit the top in beef sales. Prices may be discouraging enough to tempt ranchers and corn belt farmers to stay out of the beef business. But by 1960, we'll need more beef, not less. How can the beef cycle be flattened out so as to match the consuming needs of a growing population?

Farmers have the following questions to answer as they live through 1953 and 1954 and look toward 1960:

1. How can we expand production toward the 1960 goal and still avoid temporary surpluses from 1953 to 1960?

2. How can we shift production from less-wanted commodities like wheat and cotton to more-wanted commodities like milk and beef?

3. How can we push basic research so that present acreage and present livestock numbers will produce more food per acre and per man than at present?

4. To what degree can farm organizations, land-grant colleges, the Department of Agriculture, congressional legislation, help in these adjustments?

So the farmer keeps trying for answers. And he also is inclined, when somebody talks about the fine prospects in 1960, to say: "This isn't 1960. This is 1953. How do I manage now?"

Donald R. Murphy
Chairman, NPA Agriculture Committee
Editor, Wallaces' Farmer and Iowa Homestead

Toward Modernized Agricultural Communications

The improvement and extension of mass media information skills in the land-grant colleges will be promoted through "A National Project in Agricultural Communications" to be located at Michigan State College.

Plans call for programs to improve the abilities of those working with mass communications; to bring the results of research in this field to the attention of all agricultural information workers; to improve the quality of communication materials by providing advisory services and workshops; and to obtain more

information by sponsoring needed studies and research to find how people learn new ideas.

The W. K. Kellogg Foundation will provide $343,424 over a five-year period. This project was proposed by the American Association of Agricultural College Editors and endorsed by the Association of Land-Grant Colleges and Universities. Francis C. Byrnes, agricultural editor at Ohio State University, is chairman of the ten-man board of control for the Project.

(Source: Department of Information Services, Michigan State College, East Lansing, Mich.)

CED Considers Britain's Economics

The results of over a year of study and debate have just been published by the Committee for Economic Development in "Britain's Economic Problem and Its Meaning for America."

This important study of CED's Research and Policy Committee should increase understanding of Britain's economic problem and stimulate consideration of measures -- both British and U. S. -- to overcome her problem. The CED concludes that we have been wrong in regarding Britain's post-war difficulties as simply the result of war-time disruption and destruction which could be overcome by short-run measures. Instead, CED believes Britain is suffering from deep-seated changes in her own and the world's economies. These changes have been developing over the past 50 years and have only reached critical proportions in this post-war period. Emergency measures have had little effect on the underlying causes. The study warns that unless more fundamental remedies are soon adopted on both sides of the Atlantic, Britain will be unable to play her proper role as a U. S. ally and "neutralism" may be intensified, with serious consequences for the Free World's defense against Communism.

CED summarizes Britain's problem as a combination of inadequate rate of economic growth in the face of increasing claims upon her limited resources arising from profound economic, political, and social changes throughout the world. The short-run remedy for this dilemma can only be found by temporarily limiting the claims on resources and, in the long-run, by accelerating the growth of her economy. A major step toward achieving the short-run requirement was taken by the recent Commonwealth Conference which recommended measures for reducing inflationary pressures in the whole Sterling Area and restricting the Sterling Area's drain on the British economy. Little, however, has been done to overcome Britain's more fundamental need for accelerated economic growth. Although the study makes few specific recommendations for the long term, the important questions which it raises imply that the solution can only be found through much closer integration of the British economy with the rest of the Commonwealth and freer trade with the U. S.

CED outlines measures which the U.S. must take to open its markets and make its raw materials more easily available to the British. These include a permanently liberal import policy, closer financial and managerial contact between British and U. S. business enterprises, and greater stimulation of private American investment in the Commonwealth through appropriate public and private measures.

(From: CED, 444 Madison Ave., New York 22. March 1953. Approx. 50 pp. Single copies free.)

Twentieth Century Fund Expands Activities

The Twentieth Century Fund recently announced that it is enlarging its field of interest and activity. Its central program of research and public education on current economic questions will be continued, but in addition it will move

toward exploration of some of the political and social forces that affect our economic life.

The Fund plans to enter gradually into the newer area of research as fruitful and feasible opportunities develop. Currently it is looking into the possibilities of developing concrete and researchable projects in two areas: the role of the military in American public life; and the corporation, monopoly, and democracy as forces in our society.

Meanwhile, a number of economic studies are nearing completion. During the current year the Fund plans to publish "Defense and the Dollar" by Albert G. Hart and the Committee on Economic Stabilization; "Economic Controls and Defense" by Donald H. Wallace; "Farm Policies of the United States, 1790-1950: A Study of Their Origins and Development" by Murray R. Benedict; "Employment and Wages in the United States" by W. S. Woytinsky and Associates; "The Renewal of Cities" by Miles L. Colean; and "World Population and Production: Trends and Outlook" by W. S. Woytinsky and E. S. Woytinsky. Standing Order Members of the Fund will receive these and other publications as they are issued.

The Fund's current educational activities include a new two-reel motion picture in color, "Inflation," produced jointly with Encyclopaedia Britannica Films, which is releasing the picture this spring. The Fund issues a "Newsletter" and "Newsbriefs--A Clipsheet," which give news of current activities and excerpts from Fund findings. The "Newsletter" appears two or three times a year and may be obtained, without charge, by writing to the Fund.

The Fund has just published "The Federal Debt: Structure and Impact" by Charles C. Abbott. The book analyzes the debt and makes suggestions for its management. From: The Twentieth Century Fund, 330 West 42nd St., New York 36. 278 pp. Price: $4.00.

tools for planning

Vast Public Construction Backlog Still Increasing

If defense spending levels off and begins to decline within a year or so, there will be no large backlog of consumer and business demand to take its place as there was after World War II. There will be, however, an opportunity to reduce the mammoth backlog of need for construction of public facilities -- schools, hospitals, and highways being the outstanding examples.

Schools

The Office of Education of the Federal Security Agency is conducting a "School Facilities Survey" of the public elementary and secondary schools of the United States and Territories. The first two progress reports give respectively an inventory of existing public-school facilities and an assessment of the cost of correcting present deficiencies.

Based upon states representing almost half of total enrollment, the first report revealed that 4% of the nation's school children are attending school in shifts; 6% are attending classes in quarters not designed for school use; 6% are attending one-room schools; 7% are housed in buildings over 50 years old; 20 % are in buildings rated unsafe because of fire risk; and 21% do not have access to indoor water flush toilets.

The second report, which covers states representing two-thirds of total enrollment, shows that 19% of the children are attending school in structures considered "unsatisfactory" for one reason or another by state or local officials. The remainder are in buildings rated fair or satisfactory, but most of these are overcrowded.

Some $11 billion of capital outlays are needed merely to take care of current needs. This figure does not take into

consideration the current spurt in enrollment. Public school enrollment remained almost unchanged from 1925 to 1950 because of the low number of births in the 1930's and the large numbers of children who left school during the depression and the war. The 40% increase during the 1950-60 decade is something new -- not a mere continuation of trend.

Hospitals

Many hospitals, like schools, are overcrowded. This is in spite of the fact that the number of hospital beds has been increasing more rapidly than population. The reason for the current shortage of hospital space is that use of hospitals has soared in the past generation. In 1930, 37% of all births occurred in hospitals; in 1949, 87%. The growth of prepayment plans makes hospital care possible for many persons otherwise unable to afford it. An aged population means more patients with long illnesses.

According to the Public Health Service there were 1.3 million hospital beds in the United States and Territories available for civilians on January 1 of this year. Of these, 12% were classified as "nonacceptable" by state agencies on the basis of fire and health hazards. An additional 731,000 beds would replace the nonacceptable and provide adequately for the present population.

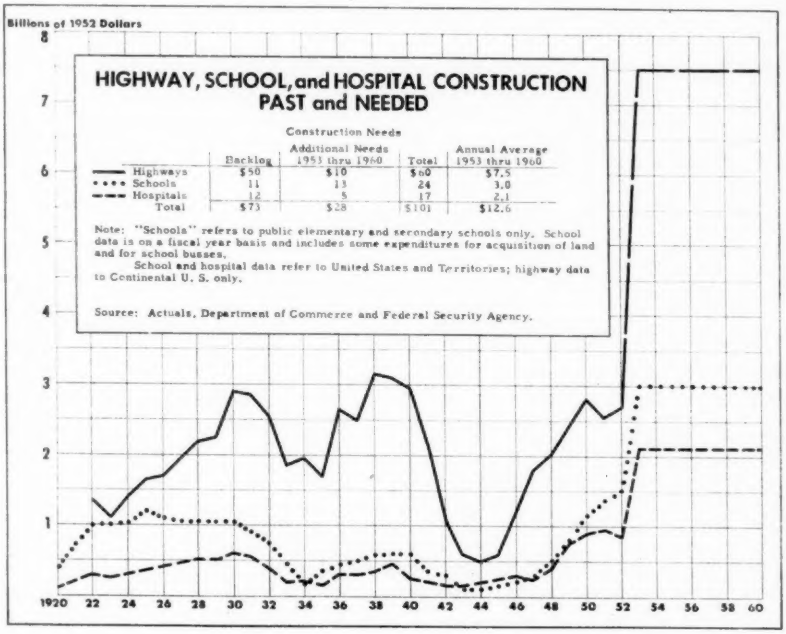
Based on the PHS estimate of $16,000 per bed, there is a $12 billion backlog of needed hospital construction.

Highways

Since 1940, total annual mileage in the U. S. has increased by two-thirds. The mileage of trucks and busses, which give the pavements their hardest wear, has doubled. Also, the loads carried by trucks are much heavier. Highways deteriorate rapidly under conditions of present-day traffic, and many poorly aligned, narrow roadways are obsolete.

No detailed estimate has been compiled of the total highway construction backlog but undoubtedly it is larger than that for schools and hospitals combined. The American Association of State Highway Officials estimated that the "Federal-aid" highway system alone was in need of $32 billion worth of improvements at the beginning of 1952. This system comprises about one-third of all surfaced mileage and carries over four-fifths of rural traffic. Probably at least $50 billion of highway construction would be required to put all roads in good condition for the traffic they carry at present. The Bureau of Public Roads considers this a conservative figure.

The accompanying chart shows how much construction would be required annually, at approximately present costs, to have a physically adequate school, hospital, and highway system by an arbitrary date, the end of 1960. Including



allowances for additional needs which will arise between now and then, a total of $100 billion of construction in these three areas would be desirable.

It should be remembered that the estimates of needed public works do not mean that these public works will necessarily be undertaken. The amount of actual construction depends on state legislation and in many cases on removal of the limitations imposed by state constitutions or local debt or taxation. It must also be emphasized that the measurement of "needs" in itself is subject to many questions. The estimates are largely based on the judgment of state and local agencies about the adequacy of existing facilities. In most cases no uniform and accepted standards for judging the adequacy or inadequacy of public facilities have been developed.

The lack of criteria is one reason NPA is making a preliminary study of "Guides for the Evaluation of Government Programs" which will include a discussion of the standards which are being used for evaluating public facilities.

A more detailed discussion of the needs for public conctruction may be found in "The Sustaining Economic Forces Ahead," December 1952, a report by the committee staff of the Joint Committee on the Economic Report, available from Supt. of Documents, Wash. 25, price: 20¢.

(School Facilities Survey progress reports from: Supt. of Documents, Wash. 25. Price: 40¢ and 35¢ respectively.)

Mathematical Techniques Applied to Business Operation

The Cowles Commission for Research in Economics has experimented over a period of 20 years with mathematical methods of economic and business research. The recently published report of its activities from 1932 to 1952 should be of value to business economists in obtaining an idea of the potentialities of mathematical techniques when applied to decision-making in business.

One of the most promising areas in which the Commission is working is the so-called "activity analysis" of production. This is a very broad term which refers to a formal technique of making choices among numerous possible lines of action. Of most interest to businessmen will be the possible applications to the problems of individual firms. For instance, most firms utilize labor and a variety of materials to produce an assortment of products. Given specific data on the technological processes involved and the prices of the items purchased and sold, activity analysis provides a mathematical treatment of this data designed to indicate the combination of labor and various materials which would be most efficient in producing the most profitable mixture of products. The essential mathematical concept is "the maximization of a function (value or profit) of several variables (inputs and outputs)."

Some companies are already attempting to use "activity analysis," especially as applied to inventory control.

("Economic Theory and Measurement, A Twenty Year Research Report, 1932-1952" from: Cowles Commission for Research in Economics, University of Chicago. 180 pp. No price given.)

statistically speaking

Two Federal Budgets— One Balanced; One in the Red

In connection with the Federal Budget problem there is considerable discussion as to which set of figures should be used for determining whether or not the budget is balanced, or for measuring the size of a budget surplus or deficit.

There are two main concepts used. One refers to the conventional or administrative budget; the other to the consolidated cash statement. The first is the budget statement as it has developed over the decades, and which has

Fiscal Year	Rec. (in billions of dollars)	Exp.	Excess of Exp.
Conventional Budget			
1952 (Actual)	62.1	66.1	-4.0
1953 (Est.)	68.7	74.6	-5.9
1954 (Est.)	68.7a/	78.6	-9.9
Consolidated Cash Statement			
1952 (Actual)	68.0	68.0	0.0
1953 (Est.)	74.9	76.8	-1.9
1954 (Est.)	75.2a/	81.8	-6.6

a/ Assuming tax reductions as provided under existing laws.

been considered by Congress in its actions on appropriations. The latter refers to total cash receipts from and payments to the public. It treats the whole Federal Government with all its accounts as one unit, eliminates all transactions among the Federal accounts and all transactions not of a cash character; it includes the receipts and payments of the trust accounts which are not included in the conventional budget. The consolidated cash statement has been used mainly for economic analyses, to guage the inflationary or deflationary effects generated by financial transactions of the Federal Government.

A surplus (or deficit) in the conventional budget means that, except for changes in cash balances, the public debt decreases (or increases) by the same amount. Public debt in this definition is all the debt issued by the Federal Government including the debt held by the Government in its own accounts. A surplus (or deficit) in the consolidated cash account means that the debt held by the public outside the Government's own accounts has decreased (or increased).

Taking the period of the fiscal 1947-52 as a whole, the budgets as conventionally defined show a surplus of $3.7 billion; the consolidated cash statements for the same period show a surplus of $22 billion. The last completed fiscal year, fiscal 1952, actually shows a balance in the consolidated cash statement; a substantial deficit in the conventional budget. The budget estimates transmitted by President Truman in January 1953 for the current and the next fiscal year show deficits in both accounts but those in the conventional budget are much larger.

Big Business Competition

Watch for a study of large business corporations by The Brookings Institution under the direction of A. D. H. Kaplan. (A preview of the main findings appeared in "Fortune," February 1953.)

Latin American Trade—Background for Planning

Businessmen and scholars will gain insight into the outlook for Latin America's overseas trade and factors influencing the relative competitive positions of U. S. and European exports to this region from a new United Nations publication, "A Study of Trade Between Latin America and Europe."

(From: Dept. of Economic Affairs, United Nations, New York. Jan. 1953. vii + 117 pp. Price: $1.25)

NPA activities

COMMITTEE OF THE SOUTH ---

A steadily expanding program designed to help speed development of the South's resources has marked the NPA Committee of the South since its creation in 1946. Striking evidence of continuing progress appeared at the Committee's midwinter meeting.

Chairman E. W. Palmer, as a result of action taken at the meeting, recently announced appointment of Philip Hammer

as Administrative Officer of the Committee who will open an office in Atlanta. He will seek ways and means for working more closely with individuals and Southern organizations to put the Committee's research into practical use.

Committee members found especially interesting a preliminary report on its new intensive study of recent population trends in the South. Perhaps the first regional population study of its kind, the Committee believes the final report -- designed for use by laymen -- will have great value for business, as well as government and students generally.

The Committee study, based on data from the recent census, is being conducted by faculty members of the University of Florida. One of them, John Maclachlan, said they were finding dynamic and startling changes which will affect public and private planning. Extended attention will be given to the relationship between population changes and such economic factors as occupations, size of incomes, retail sales.

Committee projects nearing publication stage include a report on Southern Agricultural Policy and six Case Studies on Employment of Negro Manpower in Southern Industry. (Looking Ahead will report when they become available.)


Loring J. Turner


Tracy O'Neal

Virginia's State Senator Lloyd Bird (left) welcomes Dr. Calvin B. Hoover of Duke University and president, American Economic Association, E. W. Palmer, president, Kingsport Press, and Edward A. Wayne, vice-president, Federal Reserve Bank in Richmond, to South meeting. Bottom right, Philip Hammer, Committee Administrative Officer.

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